

## Message Text

CONFIDENTIAL

PAGE 01 STATE 120790

63

ORIGIN COME-00

INFO OCT-01 NEA-09 ISO-00 AID-07 CIAE-00 EB-05 FRB-01

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-01 OPIC-01 SP-03

CIEP-01 LAB-02 SIL-01 OMB-01 SCI-01 FEA-01 STR-04

AGR-03 INT-01 /054 R

66619

DRAFTED BY COM/BIC/OED/MEPD:CATKINS:GT

APPROVED BY EB/OCA/REP:MWDONOVAN

COM/BIC/OED/MEPD:JSANDS(DIR)

NEA/EGY:LWSEMAISIS

----- 075855

P 072048Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

C O N F I D E N T I A L STATE 120790

E.O. 11652: GDS

TAGS: BEXP,EG

SUBJECT: POTENTIAL MAJOR EXPORT PROJECT OPPORTUNITIES

REF: CAIRO 3534

1. APPRECIATE EMBASSY BRINGING OPPORTUNITIES REFTEL TO OUR ATTENTION. QUERY CONTAINED PARA 2 REFTEL RE JUDGEMENT AS TO POSSIBILITY WE COULD INTEREST MAJOR AMERICAN FIRM TO COME AND LOOK AT PROJECT BEFORE DECEMBER 1974 IS OF CONSIDERABLE INTEREST TO THE MAJOR EXPORT PROJECTS DIVISION AND OPENS BROADER QUESTION OF ENCOURAGING AND ASSISTING QUALIFIED U.S. FIRMS ON OTHER MAJOR PROJECTS IN EGYPT. TEHRAN'S 4241, FOR INSTANCE, REPORTS THAT DURING IRANIAN/EGYPTIAN TALKS ON THE AMMONIA AND PHOSPHORIC ACID PLANTS, THE DMT PLANT, PLASTICIZERS, AND AN OIL PIPELINE FROM SUEZ TO PORT SAID. PROCESS TECHNOLOGY AND ENGINEERING CONSTRUCTION SERVICES WILL BE NEEDED FOR THESE PROJECTS AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 120790

WHILE U.S. EXPERIENCE IN THESE AREAS IS SUPERIOR, WE ARE

CONCERNED THAT WITHOUT U.S.G. INITIATIVES TO FOSTER U.S. PARTICIPATION, THE \$400 MILLION BUSINESS INCLUDING RELATED CAPITAL EQUIPMENT PROCUREMENT MAY GO TO FOREIGN FIRMS.

2. IT SEEMS LIKELY THERE WILL ALSO BE A PETROCHEMICAL DEVELOPMENT PROGRAM IN EGYPT. TRADE SOURCES INDICATE THAT THE AMERICAN GROUP (UNION CARBIDE, LUMMUS, SCHRODER) PROPOSAL FOR A \$700 MILLION ETHYLENE BASED PETROCHEMICAL COMPLEX IN ALEXANDRIA (STATE'S 112960) INTENDS TO SOURCE PROCESS TECHNOLOGY AND EQUIPMENT IN THE UNITED STATES IF SUCCESSFUL. THE LUMMUS CO. HAS PROPRIETARY ETHYLENE PROCESS AND MORE EXPERIENCE THAN ANY OTHER COMPANY IN THIS FIELD, BUT OWING TO OTHER CONSIDERATIONS, EUROPEAN TECHNOLOGY MAY BE MORE DESIRABLE TO THE EGYPTIANS. THERE ARE ALSO OTHER FOREIGN PROPOSALS FOR A SMALLER SCALE PROJECT WHICH MAY PRECLUDE U.S. INVOLVEMENT. CONSIDERING THE "BAD SHOW" ON SUMED PIPELINE, WE AND THE TRADE ARE CONCERNED THAT THE CREDIBILITY OF LEADING U.S. DESIGN CONSTRUCTORS MAY HAVE BEEN DAMAGED. IN ANY EVENT, THERE IS NEED TO CULTIVATE AN IMPROVED RELATIONSHIP OF CONFIDENCE AND TRUST IN THE ARAB WORLD AND PARTICULARLY WITH A KEY COUNTRY SUCH AS EGYPT. WE SHOULD, THEREFORE, BUILD ON OUR RELATIONSHIP WITH CAIRO THRU A JOINT USG/U.S. INDUSTRY APPROACH TO MAJOR PROJECTS SUCH AS THESE.

3. WE WISH TO PROPOSE AN ACTION PLAN WHICH WOULD FACILITATE CLOSER SUPPORT FROM COMMERCE AND INDUSTRY FOR THE EMBASSY'S PROGRAMS DIRECTED TOWARDS IMPROVING U.S. ECONOMIC PRESENCE IN EGYPT. OBJECTIVES OF SUCH A PROGRAM WOULD BE:

A. TO PROVIDE A MECHANISM AND CONDUIT FOR CHANNELING AND DISCUSSING WITH SELECTED FIRMS, ALL DEVELOPING OPPORTUNITIES RELATED TO EGYPTIAN DEVELOPMENT PROGRAMS TO ASSURE OPTIMIZATION U.S. INDUSTRY PARTICIPATION AS WELL AS U.S. GOVERNMENT INVOLVEMENT.

B. HIGHLIGHT U.S. GOVERNMENT DESIRE TO OBTAIN FOR QUALIFIED U.S. FIRMS A FAIR SHARE OF THE BUSINESS BY WORKING IN CONCERT WITH U.S. COMPANIES PREPARED TO NEGOTIATE AND CONSUMMATE CONTRACT WORK IN EGYPT, AND ATTEMPT TO FAVORABLY INFLUENCE AWARDS TO U.S. COMPANIES THROUGH OFFICIAL EXPRESSION  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 120790

OF INTEREST AND CONCERN, AND BY HIGHLIGHTING QUALIFICATIONS OF PARTICIPATING U.S. FIRMS.

C. ENCOURAGE AMERICAN FIRMS TO JOIN TOGETHER AND DEVELOP A TURNKEY PROJECT APPROACH WHERE POSSIBLE THEREBY FACILITATING MAXIMUM USG SUPPORT AND ESTABLISHING A NEED FOR GOVERNMENT TO GOVERNMENT DIALOGUE ON THESE MAJOR PROJECT NEGOTIATIONS.

D. IDENTIFY ALL PARAMETERS NECESSARY FOR SUCCESSFULLY NEGOTIATING CURRENTLY ACTIVE UPCOMING MAJOR PROJECTS AND WHERE NEEDED INFLUENCE DECISION MAKERS.

4. PURSUANTLY, AND IF THE EMBASSY IS AGREEABLE, MR. JOHN SANDS, DIRECTOR, MAJOR EXPORT PROJECTS DIVISION; AND CRAIG ATKINS, GS 15 AND DEPUTY TO MR. SANDS; PLAN TO ARRIVE CAIRO FRIDAY, JUNE 21 VIA MS 701 AT 1330 HRS. MESSRS. SANDS, AND ATKINS WILL DEPART MIDDAY ON TUESDAY, JUNE 25. WOULD APPRECIATE EMBASSY PROVIDING IN DEPTH BRIEFING FRIDAY AFTERNOON AND ARRANGING APPROPRIATE SCHEDULE WITH PERTINENT EGYPTIAN OFFICIALS FOR SATURDAY, SUNDAY AND MONDAY MORNING.

5. OF PARTICULAR INTEREST WOULD BE MEETINGS, IF POSSIBLE, OF APPROXIMATELY 30 TO 45 MINUTES, OR AS EMBASSY'S DEEMS APPROPRIATE, WITH THE FOLLOWING OFFICIALS:

A. DR. RAMZY EL LEITHY - EGYPTIAN GENERAL PETROLEUM CORP

B. ROSS W. CRAIG, PRESIDENT OF AMOCO EGYPT

C. SHARIF LOFTY, UNDER SECRETARY OF FINANCE

D. DR. FOUAD EL SARRAF - UNDER SECRETARY, MINISTRY OF ECONOMY

E. DR. TAHER AMIN - DEPUTY CHAIRMAN, GENERAL ORGANIZATION FOR INDUSTRIALIZATION

F. DR. AHMED SAID DEWIDAR - UNDER SECRETARY FOR ECONOMIC COOPERATING, MIN. OF FINANCE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 120790

G. KAMEL MAKSOUD - DIRECTOR, CENTRAL ADMINISTRATION FOR INDUSTRIAL PLANNING AND TECHNICAL RESEARCH

IF FEASIBLE, COURTESY CALLS COULD BE MADE ON: DEP. P.M. HEGAZY, PETROLEUM MINISTER MILAL, AND HOUSING AND RECONSTRUCTIONS MINISTER OSMAN.

6. OWING TO SHORT TIME, IT MAY BE EXPEDITIOUS TO HANDLE SOME OF THESE AND OTHER CONTACTS THE EMBASSY MAY DESIRE DURING AN EVENING WORKING DINNER. SANDS AND ATKINS WILL BE ENTIRELY AT THE EMBASSY'S DISPOSAL DURING THEIR VISIT AND FLEXIBLE AS TO EMBASSY PROGRAMING.

7. SANDS AND ATKINS WILL BE PREPARED TO DISCUSS SPECIFIC

APPROACHES FOR MAXIMIZING U.S. PARTICIPATION IN THE FERTILIZER PROGRAM, AS REQUESTED REFTEL; AND ALL OTHER MAJOR PROJECTS OF AN INDUSTRIAL OR INFRASTRUCTURAL NATURE. AN ACTION PLAN BASED ON FINDINGS AND EGYPTIAN RECEPTIVITY COULD BE DRAFTED FOR EMBASSY STAFF AND AMBASSADOR'S CONCURRENCE DURING A WRAP UP MEETING MONDAY AFTERNOON. THE KEY TO SUCCESS OF SUCH A PLAN WILL BE U.S. INDUSTRY INTEREST AND PARTICIPATION. MEPD WOULD BE ABLE TO MAKE A PRESENTATION TO KEY SENIOR U.S. EXECUTIVES ON RETURNING TO WASHINGTON. SELECTED CONSTRUCTION ENGINEERING FIRMS AND OTHER MAJOR OPERATING COMPANIES HAVING A CAPABILITY OF RESPONDING TO SPECIFIC PROJECTS, (OR ALREADY HAVING A PARTICULAR INVOLVEMENT) WOULD BE INVITED TO WASHINGTON DURING THE NEXT SEVERAL WEEKS FOLLOWING THE VISIT AT WHICH TIME THE ACTION PLANS AND OPPORTUNITIES WOULD BE PRESENTED TO THEM. AN INDUSTRY TEAM COULD BE SOLICITED AT THAT TIME FOR A GROUP VISIT PERHAPS SIX TO EIGHT WEEKS LATER OR AS MUTUALLY AGREED. SIMILAR PLANS HAVE BEEN EXECUTED WITH EXCEPTIONAL SUCCESS IN SEVERAL OTHER COUNTRIES, NOTABLE TO TAIWAN LAST YEAR, \$117 MILLION IN PROJECT WORK WAS CONSUMMATED. IN INDONEASIA, CHEMICO WON A FEASIBILITY CONTRACT FOR ENGINEERING A PHOSPHATE FERTILIZER FACILITY, AND M.W. KELLOGG SUCCESSFULLY NEGOTIATED A DESIGN CONSTRUCT CONTRACT FOR WHICH THEY CLAIM U.S. GOVERNMENT SPONSORSHIP WAS DIRECTLY RELATED.

8. AN INDUSTRY TASK FORCE VISIT TO EGYPT WOULD PROVIDE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 120790

THE EMBASSY WITH A SPECIFIC RESPONSE TO THE FERTILIZER PROJECT AND ANY OTHER PROJECTS IDENTIFIED AS HAVING POTENTIAL. IT WOULD IMPRESS UPON THE EGYPTIANS USG/INDUSTRY DESIRE AND WILLINGNESS TO WORK WITH THEM IN FURTHERANCE OF THEIR DEVELOPMENT PLANS. IT WOULD FORM THE BASIS FOR A LASTING GOVERNMENT/INDUSTRY FORUM WITH EGYPT WHICH WOULD ACCOMPLISH OBJECTIVES SET FORTH IN PARA 3 ABOVE, AND SUBSTANTIALLY AUGMENT OUR PROGRAM FOR IMPROVING U.S. ECONOMIC PRESENCE IN THE AREA. WE BELIEVE THIS ACTION WILL HAVE SIGNIFICANT IMPACT ON OUR TRADE RELATIONS WITH EGYPT.  
KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** smithrj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE120790  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** CATKINS:GT  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740146-0807  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740664/aaaaccsz.tel  
**Line Count:** 212  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN COME  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** CAIRO 3534  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** smithrj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13-Aug-2002 by boyleja>; APPROVED <20 FEB 2003 by smithrj>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** POTENTIAL MAJOR EXPORT PROJECT OPPORTUNITIES  
**TAGS:** BEXP, EG  
**To:** CAIRO  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005